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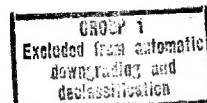
NPIC/TSSG/DED-1529-69
5 March 1969

MEMORANDUM FOR: Chief, Technical Services & Support Group

SUBJECT : [] Negotiations

On 5 March 1969 I received a call from [] who was involved with the [] negotiation for an Image Interpretation Research Program. The call was from [] the site of the negotiations. The main trend of the conversation was that in the process of the negotiating team's modifying [] proposal to incorporate those requirements that IEG felt to be of highest priority it was necessary to make some substantial changes in the program with respect to [] initial bid. After the negotiation team sat down and studied the impact of all these changes upon the cost picture, it was determined that the program in its entirety would cost approximately [] as opposed to the [] authorized. There were two primary avenues of approach at this point: (1) to discontinue the negotiation, or (2) to arrange the tasks in order of priority and delete the task of lowest priority to the extent necessary to bring the program within range of the funding authority (my recommended approach). This is, of course, not a unique situation and has normally been an aspect of all previous negotiations where large contracts with multiple tasks were involved. Previously in situations of this kind, decisions have been made in the field. Because of the tremendous amount of coordination involved in setting up and obtaining approval for this contract, [] felt, and I feel correctly so, that it was essential that we coordinate our decision with IEG. The two items of lowest priority were two equipment training packages, one for the Advanced Rhomboids and one for the Twin-Stage On-Line PI Comparator. Deletion of these two items brings the contract within the range of available funds. I called Mr. [] to obtain his concurrence on the priorities involved and our recommended approach and found him agreeable. I called [] to inform him of the situation and to request his permission to proceed with my recommended solution. [] brought to my attention the advisability of coordinating this with Training Branch, Support Services Division. I subsequently did this through conversations with [] [] was not available. The rationale behind the basic decision is as follows: (1) We had to either decrease the size of the work package or increase the funding. Decreasing the size of the work package is much more feasible because we did not have to go through the large number of

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external controls that would be involved in getting ^{new} ~~and~~ authorization of monies along with the attendant time delays. (2) Training Branch is currently forwarding to [] a joint Division recommendation on the overall training problem. As a consequence, it is logical that these two items be deleted and held in abeyance until the items can be tackled as a part of the total training package. There are numerous ways of handling these items, which, by the way, we still feel are badly needed: (1) We can obtain additional funding and add them to the [] contract after negotiation as a change-of-scope; (2) We can handle them through Training Branch, assuming [] approves the training package that [] is now formulating; (3) We can handle them by a Time and Materials arrangement on a contractual basis using R&D funds, possibly more cheaply and more efficiently than under the [] program; and (4) [] tentatively offered [] services in this area. I informed [] that I felt it would be imprudent to delay the negotiation until [] returned on Friday, since the negotiation had to proceed and a fast decision was required. Furthermore, modifications can be made to the contract any time prior to its final signing, normally a couple of weeks after completion of negotiations, should [] object to my approach. At this point, at my urging, [] concurred and I instructed [] to continue the negotiation, deleting the two training packages to stay within the authorized price. It is important to note that a [] task covering the validation of training requirements is still included within the [] package. I still feel strongly that the two training packages must be done and so informed [] of DED's commitment toward this end.

[]
Acting Chief,
Development & Engineering Division, TSSG

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